

# BUILDING THE HIGH ROAD TO RACIAL EQUITY

**Addressing Implicit Bias in the San Francisco  
Bay Area Restaurant Industry**

**MAY 2019**



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## TABLE OF CONTENTS

1	EXECUTIVE SUMMARY
5	INTRODUCTION
7	RESTAURANT INDUSTRY OVERVIEW
9	THE PROBLEM OF OCCUPATIONAL SEGREGATION
12	WORKER VOICES: FOCUS GROUP FINDINGS
17	EMPLOYERS, CONSUMERS, AND IMPLICIT BIAS: IMPLICIT ASSOCIATION TEST FINDINGS
20	BAY AREA HIGH ROAD EMPLOYER PROGRAM PILOT
23	ALTA AND HOMEROOM: RESULTS FROM THE HIGH ROAD EMPLOYER PROGRAM PILOT
27	SCALING THE HIGH ROAD EMPLOYER PROGRAM
28	POLICY RECOMMENDATIONS
31	CONCLUSION
32	END NOTES

# I EXECUTIVE SUMMARY



THE RESTAURANT INDUSTRY EMPLOYS OVER 13 MILLION WORKERS NATIONWIDE, NEARLY 1.6 MILLION WORKERS IN CALIFORNIA, AND OVER 300,000 WORKERS IN THE BAY AREA.<sup>1</sup>

In the coming years, this rapidly expanding sector stands to become the fourth largest employer, providing not only the largest source of minimum and subminimum wage jobs, but also high-earning professional careers. Currently, 22 percent of the restaurant workforce earns living wages. As one of the largest and fastest growing industries with an expanding supply of life-sustaining jobs, restaurants could offer a sustainable career ladder to thousands of people living in an increasingly precarious economy.<sup>2</sup> This begs the question: sustainable jobs for whom?

With 47 percent of the restaurant workforce nationwide composed of workers of color, and an impressive 72 percent in California, restaurant professions could provide real pathways to living-wage professions for Black, Latinx, Asian, and Indigenous workers.<sup>3</sup> However, the current structure of the industry denies living-wage opportunities to a large percentage of this diverse workforce.

In order to document and address this disparity, the Restaurant Opportunities Centers (ROC) United and Race Forward conducted a comprehensive study of implicit bias in the Bay Area restaurant industry with restaurant workers, owners, and consumers. Based on this research, ROC has partnered with leading restaurateurs to launch the High Road Employer Training and Technical Assistance Program. This program aims to combat racial segregation and implicit bias in the Bay Area restaurant industry and beyond. Utilizing census data to analyze segregation patterns within the industry, implicit racial bias tests among employers and consumers, and interviews and focus groups with restaurant workers, ROC has created tools that have become the foundation of an intensive joint education program for future employers and the industry at large.



## PRIMARY OBJECTIVES

- To document the incidence of race-based implicit bias and occupational segregation in the California restaurant industry that results in lower wages, benefits, and working conditions
- To document the effectiveness of the High Road Employer Training and Technical Assistance Program (2017-2018) as tested with Alta Restaurant Group (San Francisco) and Homeroom (Oakland), among others, in order to consider statewide expansion
- To outline proposed policy legislation and pathways for adoption

## KEY FINDINGS

### DEFINING THE PROBLEM OF RACIAL SEGREGATION IN BAY AREA RESTAURANTS

- Racial diversity defines the restaurant industry and its workforce. While workers of color represent close to 60 percent of the employed population living in California as a whole, they represent over 71 percent of the employed restaurant workforce.
- Positions throughout both the 'Front-of-the-House' (FOH, dining floor) and the 'Back-of-the-House' (BOH, kitchen) are highly segregated by race and ethnicity. Although workers of color account for over 70 percent of the industry's workforce, workers of color are concentrated in less visible, lower-wage jobs, and are underrepresented in the coveted, highest-paid FOH positions. Only 44 percent of bartenders are workers of color.
- The distribution of workers of color among different positions based on earnings does not reflect the diversity of the industry's workforce, suggesting inequitable systems of hiring and promotion into higher-paying positions. Fifty-one percent of white bartenders and 45 percent of white servers earn a livable wage, compared to 28 percent of bartenders and servers of color in the Bay Area.
- This pattern of segregation has led the Bay Area to have the widest gap in earnings between white workers and workers of color in fine-dining establishments, two to three times higher when compared to other major metropolitan areas.
- In interviews and focus groups, restaurant workers described multiple examples of first-hand discrimination leading to patterns of self-selection bias, resulting in workers of color not applying for top-tier positions because management and/or clientele behavior makes them uncomfortable, or because they feel they do not match the image of workers in that profession.





**Those who manage restaurants with between 11 and 50 employees were more likely than managers of either smaller or bigger restaurants to demonstrate a preference for white people.**

## **IMPLICIT BIAS TEST RESULTS AMONG RESTAURANT MANAGERS AND CONSUMERS**

- Within our sample, nearly 40 percent of white managers, 40 percent of male managers, and nearly half of managers between 35 and 44 demonstrated a preference for white people compared to much smaller percentages for managers of color, female managers, and managers in other age groups.
- Just under 40 percent of those who manage casual fine-dining and casual full-service restaurants demonstrated a preference for white people — a much higher percentage than those who manage other types of restaurants. Those who manage restaurants with between 11 and 50 employees were more likely than managers of either smaller or bigger restaurants to demonstrate a preference for white people.
- Restaurant customers overall demonstrated a preference for white people at a somewhat higher rate than restaurant managers, at 38 percent. Similar to findings for managers, demographics mattered. Over 40 percent of white restaurant patrons showed an unconscious preference for white people, compared with much smaller percentages for other groups of consumers.

## **IMPACT OF THE HIGH ROAD EMPLOYER PROGRAM**

- Restaurateurs who participated in the in-depth pilot of the High Road program have demonstrated dramatically increased opportunities for workers of color. One example showed a 70 percent reduction in racial segregation across their restaurant. Another restaurant, that was previously underemploying Black workers in every position, is now employing Black workers in well-paid positions in near proportion to their representation in the local labor market.



- As a result of this program, we have documented a decrease in informal practices and official protocols that exacerbate bias and disproportionate racial disparities. Alternatively, racial equity has been operationalized through standardized hiring processes, expanded recruitment pathways, ethically aligned application materials, and racially explicit tracking and evaluation protocols.
- Approximately 50 restaurateurs have initiated the High Road program since its inception, with particular requests for training, coaching, and technical assistance. Half have taken measurable steps to change their hiring practices. This process highlights the reality that increasing racial equity in a restaurant is not achieved through a one-day training course but rather requires intensive engagement with expert practitioners in order to produce sustained improvement in hiring, training, promotion, and other practices.

## POLICY RECOMMENDATIONS

In order to scale the movement for racially equitable restaurants, policy makers must encourage new models for employment practices that override the status quo. The following list describes three incentive structures to compel restaurant owners to join the High Road Training Program and set new standards for a burgeoning industry.

- 💰 **Tax incentives** help offset the additional cost of raising employees' base pay when restaurants move to higher-wage models that reduce dependence on tips and reduce inequities between workers in different positions. Tax policy can be advanced at the state or local level.
- 👤 **Licensing incentives** reduce the investment of time and money required to obtain the permits and licenses required to operate both new and existing restaurants. Licensing policy can be developed and implemented via an administrative rule from the executive office of either the governor or mayor, or through state or local policy.
- ★ **Recognition incentives** leverage the government's platform to promote certified restaurants. Recognition incentives can be developed and implemented via an administrative rule from the executive office of either the governor or mayor. Such incentives could include decals for restaurants to display in recognition of their commitment to racial equity, listings on restaurant websites and/or brochures, and public promotion by a state or local government.



# INTRODUCTION

## IMPORTANCE OF THE RESTAURANT INDUSTRY

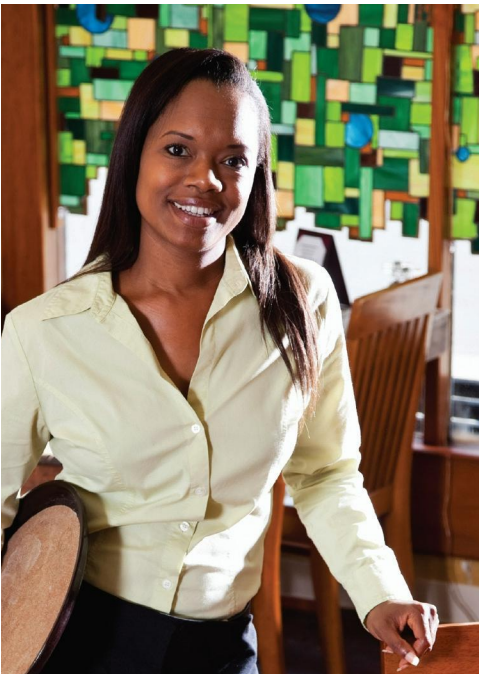
The restaurant industry employs over 13 million workers nationwide, nearly 1.6 million workers in California, and over 300,000 workers in the Bay Area.<sup>4</sup> In the coming years, this rapidly expanding sector stands to become the fourth largest employer, providing not only the largest source of minimum wage jobs, but also high-earning professional careers.

Twenty-two percent of the restaurant workforce earns living wages. As one of the largest and fastest growing industries with an expanding slew of life-sustaining positions, restaurants offer a sustainable career ladder to thousands of people living in an increasingly precarious economy.<sup>5</sup> This begs the question: sustainable jobs for whom?

With 47 percent of the restaurant workforce nationwide composed of workers of color, and an impressive 72 percent in California, restaurant professions could provide real pathways to living wage professions for Black, Latinx, Asian, and Indigenous workers.<sup>6</sup> However, the current structure of the industry denies living wage opportunities to a large percentage of this diverse workforce.

In order to address this disparity, the Restaurant Opportunities Centers (ROC) United have partnered with leading restaurateurs to launch a High Road Employer Program to combat racial segregation and implicit bias in the restaurant industry and beyond. The High Road Employer program draws upon a deep understanding of how racial inequity operates in the industry and what can be done to transform it. Utilizing census data to analyze segregation patterns within the industry, implicit racial bias tests among employers and consumers,

and interviews and focus groups with restaurant workers, together we have created real tools that have become the foundation of an intensive joint education program for future employers and the industry at large.



# METHODOLOGY

## IMPLICIT ASSOCIATION TEST

Our team developed a custom Implicit Association Test (IAT) to measure the implicit racial biases of restaurant managers and consumers. This custom IAT was programmed in PsyToolkit, which is free online software that can be used to create and run psychological experiments.<sup>7,8</sup> Its design was directly derived from the original research by Project Implicit. This IAT included a framing survey that asked respondents demographic and restaurant-related questions as well as any follow-up thoughts the respondents had after taking the IAT. The IAT returned this survey data as well as implicit attitude data in the form of response times for different conditions of the experiment.

**A.** The most common way of measuring implicit bias is with the D score, which is calculated in the following way for each respondent:

1. Calculate the standard deviation (SD) of all response times
2. Compute the mean of the response times for two contrasting conditions (M1 and M2), such as black faces and positive words versus black faces and negative words
3. Calculate  $D = (M2 - M1) / SD$

**B.** D scores can be positive or negative, depending on the direction of the bias. A D score that's greater than 0.65 (or less than -0.65) is considered strong and decreases in strength as it approaches zero. The analyses in this report explore restaurant managers' and patrons' implicit biases for white people or Black people. Table 1 explains how to interpret scores.

**C.** The IAT was administered over a year-and-a-half, from January 2017 through June 2018, and received 320 responses. Of those responses, 106 were restaurant managers, 185 were restaurant patrons, and 29 did not identify themselves as either category. The analysis is broken down by these two populations so that their characteristics and scores can be understood separately.

**TABLE 1**  
INTERPRETATION OF D  
SCORES FOR THE RACIAL  
EQUITY PROJECT IMPLICIT  
ASSOCIATION TEST

D Score	Interpretation
< -0.65	Strong preference for Black people
-0.64 to -0.35	Moderate preference for Black people
-0.34 to -0.15	Slight preference for Black people
-0.14 to 0.15	No preference for either white or Black people
0.16 to 0.35	Slight preference for white people
0.36 to 0.65	Moderate preference for white people
> 0.65	Strong preference for white people

## INTERVIEWS AND FOCUS GROUPS

We interviewed and conducted focus groups with 147 restaurant workers — 82 in interviews, and 65 in focus groups — on their experiences in the restaurant industry, with a particular focus on race and gender. The interview guide was developed based on the lessons learned in the research study that initiated this project — "Ending Jim Crow in America's Restaurants: Racial and Gender Occupational Segregation in the Restaurant Industry," — and included sections on experiences applying to front-of-the-house (FOH) positions, employer hiring practices, and customer attitudes. The interviews were conducted over a two-year period from September of 2016 to September of 2018. Personally identifying information was removed or changed to protect the identity of respondents.

## CENSUS DATA

We analyzed a merged five-year sample (2013–2017) from the American Community Survey (ACS) to analyze race and occupational demographics, and poverty rates among currently employed restaurant workers in the United States, California, and the Bay Area, combining the San Francisco-Oakland-Hayward and San Jose-Sunnyvale-Santa Clara metropolitan statistical areas.



# RESTAURANT INDUSTRY OVERVIEW

## SEGMENTS OF THE RESTAURANT INDUSTRY

The restaurant industry is divided into three broad segments that vary markedly with respect to wages, working conditions, and workforce composition. These segments can be broadly categorized as fast-food or “quick-service,” casual full-service (including family-style and franchise), and fine-dining (both casual fine-dining and high-end “white-tablecloth” establishments). Fast-food or quick-service restaurants provide limited table service and are often characterized by low-paying jobs and large employment of workers of color and youth. Casual full-service, characterized by moderately priced meals and informal environments, includes both chain restaurants and franchises such as Olive Garden or Applebee’s, and smaller, independently or family owned establishments such as neighborhood restaurants. Fine-dining is often defined by a price point per guest of \$40.00 or more, including beverages, but excluding gratuity. A sizable percentage of the industry’s growth can be attributed to casual fine-dining, with an emphasis on high-quality food and service in a relaxed or thematic setting.<sup>9</sup> Increasingly, “white-tablecloth” refers to upscale fine-dining at a much higher price point. The type of establishment in which a person works significantly affects earnings. Fine-dining establishments offer employment with the highest wages — especially via tips. However, employment discrimination based on race and ethnicity can lead to the exclusion of people of color from jobs in this segment.

## OCCUPATIONAL STRUCTURE

While a worker’s ability to gain employment in a fine-dining establishment significantly increases one’s earnings’ potential, a more important determinant is the type of position in the establishment itself. While many restaurants have their own internal structure of jobs and job titles, the following classifications are commonly used throughout the industry:

- **Managerial and supervisory positions** — These positions include general managers, assistant managers, wine directors/sommeliers, chefs, and sous-chefs. Many of these positions require specific vocational training or experience.
- **Front-of-the-House (FOH) positions** — These positions involve direct customer contact and include hosts, bussers, food runners, servers, captains, bartenders, and barbacks.



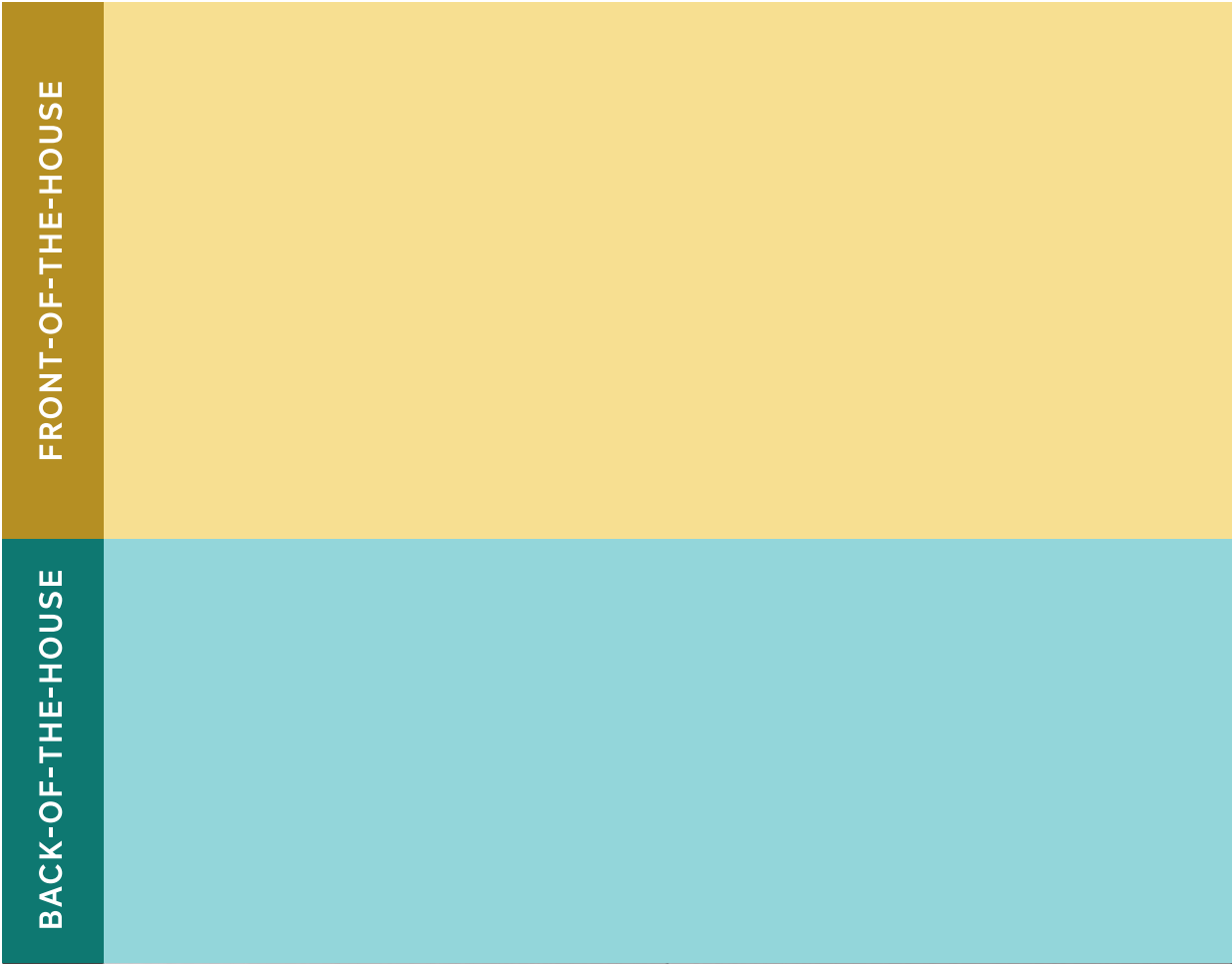
- **Back-of-the-House (BOH) positions** — These positions involve no direct guest contact and include cleaners, dishwashers, preparatory (prep) cooks, line cooks, and chefs.

**WORKPLACE HIERARCHIES, TIER I AND TIER II**

Both FOH and BOH include jobs that can be categorized into tiers based on compensation and other aspects of job quality, which we refer to as Tier I and Tier II positions. We are particularly interested in the patterns of racial segregation associated with Tier I positions because these positions tend to have higher earnings, with a specific focus on the outcomes associated with Tier I FOH positions in fine-dining because these are the positions with the highest earning potential.

As Figure 1 illustrates, Tier I positions include those such as servers and bartenders in FOH, and chefs and sous chefs in BOH, while Tier II positions include those such as bussers and runners in FOH, and prep cooks and dishwashers in BOH.

**FIGURE 1**  
TIER I AND TIER II POSITIONS IN THE  
FRONT AND BACK-OF-THE-HOUSE



## IV THE PROBLEM OF OCCUPATIONAL SEGREGATION



### DIVERSITY, NOT EQUITY, DEFINES DINING

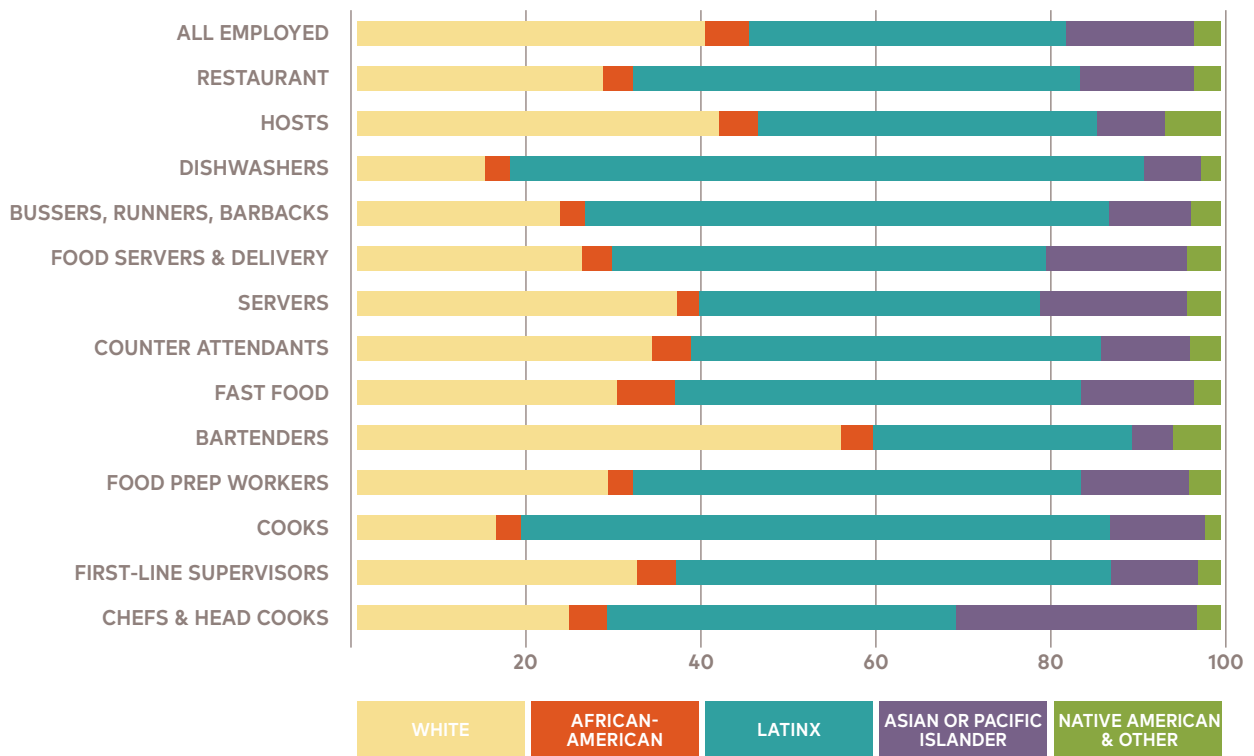
The restaurant industry is one of the fastest growing sectors of the U.S. and California economies.<sup>10</sup> Despite the industry's growth, restaurant workers occupy six of the ten lowest-paid occupations, as reported by the Bureau of Labor Statistics. The economic position of workers of color in the restaurant industry is particularly precarious.<sup>11</sup> Restaurant workers experience poverty at twice the rate of workers overall, and workers of color bear the brunt of this disparity. In California, women of color in Tier I occupations are more than twice as likely to live in poverty (16.9%) as white males (7.9%), and nearly half as likely to earn a livable wage (19.4% compared to 36.9%). The restaurant industry can do better.

Twenty-three percent of restaurant jobs provide livable-wage jobs in California. Fine-dining servers and bartenders in cities like San Francisco and Oakland can earn between \$50,000 and \$150,000 per year. Unfortunately, people of color, (and women of color in particular) face significant barriers in obtaining these livable-wage positions. In California, 35 percent of white restaurant workers hold livable wage positions, compared to less than 18 percent of workers of color. This is particularly troubling, since workers of color comprise over 70 percent of California restaurant workers.<sup>12</sup>

### THE ROLE OF RACE AND ETHNICITY IN WAGES

Although workers of color account for over two-thirds of the industry's workforce, a large proportion of these workers are concentrated in the fast-food and family-style segments. As Figure 2 illustrates, workers of color in California are overrepresented in positions such as dishwashers (85%); cooks (84%); runners; bussers, and barbacks (77%), and room service and delivery (74%). Workers of color are underrepresented as servers (63%), and dramatically underrepresented as bartenders (44%) — the Tier I FOH occupations with the highest earning potential.

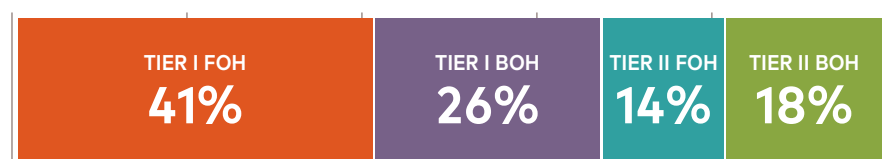
**FIGURE 2**  
**DEMOGRAPHICS OF THE RESTAURANT**  
**WORKFORCE BY RACE IN CALIFORNIA**  
 American Community Survey, 2013-2017.



**FIGURE 3**  
**POVERTY BY RACE AMONG**  
**RESTAURANT WORKERS IN CALIFORNIA**  
 American Community Survey, 2013-2017.



**FIGURE 4**  
**LIVABLE WAGE JOBS BY**  
**OCCUPATIONAL TIER IN CALIFORNIA**  
 American Community Survey, 2013-2017.





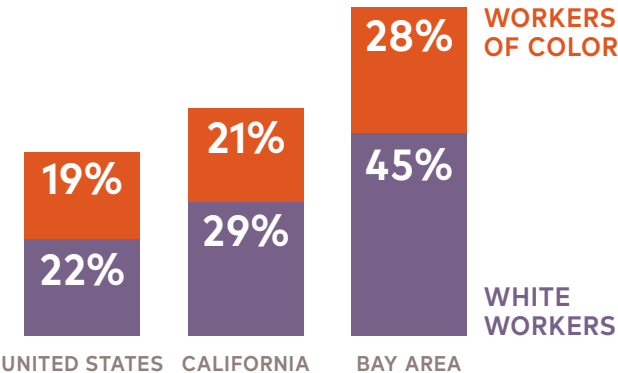
Even though the restaurant industry is the largest employer of minimum wage workers, and five of the ten lowest paying occupations in California are in the restaurant industry, 23 percent of restaurant jobs are livable wage jobs, providing incomes at over four times the poverty level. An additional 34 percent of restaurant occupations provide an income at over twice the poverty level, ensuring that basic needs can be met.<sup>13,14,15</sup> People of color, however, are disproportionately excluded from these living wage jobs and forced to survive off of earnings that are not sufficient to meet their basic needs.

Only 18 percent of workers of color enjoy an income greater than four times the poverty rate, compared to 35 percent of white workers (see Figure 3). This disparity is explained in part by occupational segregation since the plurality of livable wage jobs are found among Tier I FOH positions (see Figure 4). Though workers of color in California restaurants are less likely to live in poverty than their national counterparts, race disparity among the highest earners is larger in California, and in particular in the Bay Area (San Francisco, Oakland, and San Jose metro areas, as shown in Figure 5) than other regions. Restaurant workers in fine-dining establishments also report the widest gap in earnings between white workers and workers of color. Previous surveys of over seven thousand workers found that fine-dining restaurant workers of color in the Bay Area earned median wages of \$16.32 per hour compared to median earnings among white workers of \$22.44 per hour — a difference of \$6.12 per hour. This race wage gap is the highest we have found around the country, nearly twice as high as the \$3.41 race wage gap in fine-dining in Houston and approaching three times as high as the \$2.53 race wage gap in Seattle.<sup>16</sup> Opportunities are denied to a substantial portion of workers of color in the Bay Area.

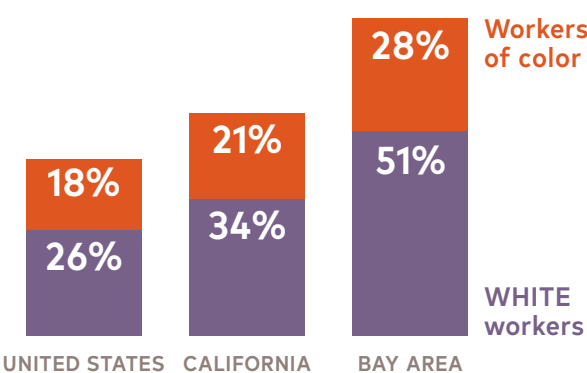
**FIGURE 5**  
PERCENT OF LIVABLE WAGE JOBS IN SELECT TIER I OCCUPATIONS  
BY RACE IN THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Even though there is a higher percentage of bartenders and servers of color in the Bay Area and California than in the rest of the United States, the disparity between the percent of white workers and workers of color earning a livable wage is highest in the Bay Area, and higher in California than in the United States as a whole.  
American Community Survey, 2013-2017.

LIVABLE WAGE  
SERVER OCCUPATIONS  
AND RACE



LIVABLE WAGE  
BARTENDER OCCUPATIONS  
AND RACE





## WORKER VOICES: FOCUS GROUP FINDINGS



Though racial discrimination in hiring, retention, and promotion is a common experience for workers, it is rarely overtly expressed as discrimination. Indeed, many restaurant owners are often unaware that these recruitment, hiring, and promotion practices that are common within the industry are driving racial inequities and leading to employment barriers for workers of color. In order to test the effect of discrimination on employment, ROC United previously conducted more than 400 matched pair audit tests, sending pairs of evenly matched white and people of color applicants into fine-dining restaurants to see who would be hired for server positions, and found that white workers were more likely to be interviewed, and twice as likely to be hired, as equally or better-qualified workers of color applying to the same fine-dining establishments.<sup>17</sup>

When questioned about this phenomenon many employers attest that they are unable to find a sufficient number of quality applicants. Others circumvent this critique by defending the diversity of their workforce as a whole without taking into account demographic differences by position and earning potential.<sup>18</sup> In order to better understand how workers make sense of the racialized disparities rampant in their work environment, ROC United conducted interviews and focus groups with a total of 147 restaurant workers in the Bay Area and surrounding regions.

Key themes that emerged pointed to experiences with overt employer discrimination, as well as more subtle barriers posed by employer practices and protocols. Equally salient were barriers that workers placed on themselves and that coworkers placed on each other, including both white workers who were seeking to maintain their status as well as workers of color who were resentful of the advancement of other workers of color. Some workers also said that guest preference is an important factor. Other common barriers such as a lack of transportation, commuting among multiple jobs, and extra childcare needs were acknowledged by many.

## BYPASSING QUALIFIED WORKERS OF COLOR

The primary theme that emerged from our conversations involved employer bias, both subtle and overt. Workers observed that management already knows who it wants for a position, despite declaring that it is open for everyone. One worker noted in a focus group, "The reality is, most of the time, it's not really open to everyone. They already know who they want... They just have to do it so they don't get in trouble." According to workers' experiences, management picks favorites: "people who are easy to manipulate, [who] will do what they want."

*"Coaching for bussers and waitstaff is usually in house...  
Those jobs, you very rarely see them on the bulletin board."*

One person who illuminates this experience is Orlando, a Black server with over a decade of experience. Orlando had been considered for a management role but was bypassed for a white coworker with less experience after a "drawn-out selection process." Orlando felt that since he was already executing management tasks, he "might as well get paid for it." Orlando felt that management's biased decision ended up hurting the well-being of the business. "It ended up being a really big mistake," he shared. The coworker chosen for the position was not a good leader. While Orlando expressed concern about leapfrogging his coworkers, his white coworker showed determination to jump into the position and ultimately received it.

A woman who was promoted from server to trainer and was invited to participate in interviews quickly noticed that white workers were invited to participate in a *stage* after they answered questions, but workers of color only answered written questions. "They wouldn't even try to have them set up or to do a mock set or nothing," and HR would explain, "It's just the way she talked."

Another interviewee, a Latino male with 14 years of experience as a server, was repeatedly asked to be a busser or expeditor when he applied for server positions. "'They would say, 'Would you rather be a busser or expeditor? It might be easier for you?' I said, 'No, I'm here for the waiter position.'" A different time, "I went through the first and second interview, and on the third interview, the guy told me: 'I'm going to take you as an expeditor. And after eight months I'll give you the opportunity to be a waiter, but you need to go through eight months as an expeditor.' I said no."

*"The majority of servers at fine dining restaurants are men who are white, or of European descent. Most of the Latinos will be hired only as busboys."*

Another male worker expressed his frustration: "There's not a position in the restaurant that I can't do, but... [hosts] or management always say, 'Oh, the kitchen is full right now'... White people, even people of color, they always want to place me in the kitchen... I am a waiter and I always have to explain what I'm looking for, and people always try to place me in the back, in the kitchen."

Women of color also had to contend with gendered expectations. Karina, who had 10 years of experience as a runner, host, server, and cocktail waitress, was indicative of these gendered expectations. "My first job was a serving job, and... I would apply for a server position, but then I would get put as a host. It wasn't because of a lack of experience. They would always put me as the host... I had more experience running and bussing, and you can make more money doing that kind of stuff, but they just want the pretty girl hosting."

## STEREOTYPE THREAT, IMPOSTER SYNDROME, AND WORKER RESENTMENT

Many workers shared a common experience of being required to train new, white workers for a higher-paid position but never being considered for that position themselves — for example, bussers and runners training a newly hired server, or long-time servers training white workers to take on a management role.

While qualified workers did object to being passed over for positions, many expressed a desire to avoid advancement opportunities in a manifestation of "imposter syndrome," a common occurrence for women or people of color who do not fit the stereotypical image for certain positions. These workers said they did not want to pursue advancement out of concern they would be viewed as underqualified or "not the right fit" for the position, regardless of their actual skillset.

Some workers who excluded themselves pointed to the discomfort of harmful racialized interactions with customers. Honor, a line cook with four years' experience explained why she didn't want to work in FOH: "I didn't apply for FOH because I prefer to work in the kitchen. I don't really like to interact with customers... For example, I get questions like, 'Oh, you look so interesting. What are you?' Or, what kind of accent is that? Where are you from?' All these questions that have nothing to do with what I'm doing."

*"I've known colleagues who haven't been able to move up to server because of their accent."*

As this experience makes clear, the combination of race, ethnicity, and language is one of the reasons many workers do not apply for positions in fine-dining. Antonio, a server with four years' experience, has met many people unwilling to apply to fine dining positions. "'The standards are so high. I was intimidated to apply,' they say... I'm blessed to be eloquent, but people are like, 'I [can't] last two minutes interviewing because I don't have a beautiful type of lingo. I can't talk... diplomatic.' They don't think they're up to par."

Another worker noted, "I have a friend who is a busser, and I asked him if he wanted to be a server. It was his choice not to be a server. He thought his English was not good enough, but I never had a problem... I just think that it's [workers of color] who want to stay where they are because they think that they're not good enough."

*"I would say probably the number one barrier is racism, or because of communication issues. They don't fit the aesthetic of the restaurant. I've heard that before... Speech and appearance."*

These combined barriers are also reflected in staff interactions: "Workers of color tend to be more, like, busboys. The waitstaff is different from bussers. There's a little bit of separation between workers of color, and those who are not. Because of school or because of culture, but there's always definitely a separation."

*"In the restaurant business, it's unfiltered. While you're on the floor it's filtered, but the second you get off, people say some pretty awful things."*

Other workers expressed a much tenser situation. "This situation between white people and Latinos, sometimes I think it is just language, but I think there is something else because they don't talk to each other. In my kitchen right now, in my restaurant, they don't talk to each other and they hate each other and it's just horrible. You can see how they talk to each other, and how they ignore each other."

*"There is this resentment of immigrants... or of people of color getting these jobs. They are trying to keep those jobs, and don't give people the opportunity to get those highest paying jobs in restaurants."*

## CUSTOMER PREFERENCE

The majority of workers raised questions about guests' preferences, noting that customers "absolutely" prefer servers to be like them. As one worker explained, "You could tell by the way they look at you as you're approaching the table... After I greet them, and they hear how clear I speak, and how eloquent I am, and I could see in their faces how mellowed out they get."

*"I know that sometimes, when I'm in a [server] job, as a Black man I have to comport myself in a way that puts white people largely at ease."*

Customer condescension was at times palpable. As a worker said, "A lot of times I would come up to a table and feel like, because as a woman, and because I was brown, the assumption was that I didn't know my job."

*"I got really sick of that after a while. Sick of people thinking I didn't know what I was talking about because I was a "little brown girl"... A really condescending kind of attitude and behavior because of my (quote, unquote) lack of knowledge. They have no idea, if you're not one of them... especially the rich clientele from San Francisco."*

At times, workers acknowledged the issue of customer preference, but saw it as the natural order of things. As one person in the focus group explained, "Some people would like to have a white person as a server, but some people really don't care.... The customers like to have some certain people as servers because it makes sense. People are different. Some people do, some people don't."

## LACK OF DIVERSITY VEXES WORKERS OF COLOR

Finally, workers expressed both praise for diversity and concerns about the lack of diversity. One worker happily noted, "We had the most female workers I had ever seen in a kitchen; we had the most Asian workers that I've ever seen in a kitchen, and there [were] still a lot of Latinos. I needed to have diversity."

*"There have been a couple of different restaurants, specifically in San Francisco, where I knew I had the skills to work well there. But I never did, because I looked in and thought, everybody that was working there was white. And I knew that if I were the only person of color with a group of white people.... it can get really exhausting.... so there's been at least two times that I can specifically think [of when] I held back from applying to a restaurant."*

At the end of the day, diversity was prized, and lack of diversity was itself a barrier.

*"I was offered a job, maybe a little less than a year ago, and I didn't take it for that exact reason. Everyone, there was white, and also their clientele were all very old, affluent rich, wealthy, white people. And it just, I don't know, made me uncomfortable."*

Workers did describe bright spots, even as they lamented concerns about the existing workplace dynamics. One worker stated, "I do like that we actually hired two African American front-of-the-house people. And so that was finally a little bit different, but I definitely think that the white clientele like seeing white wait staff."



## VI EMPLOYERS, CONSUMERS, AND IMPLICIT BIAS: IMPLICIT ASSOCIATION TEST FINDINGS



As defined by the Kirwan Institute for the Study of Race and Ethnicity, implicit bias is the collection of "attitudes or stereotypes that affect our understanding, actions, and decisions in an unconscious manner. These biases, which encompass both favorable and unfavorable assessments, are activated involuntarily and without an individual's awareness or intentional control."<sup>19</sup> Regardless of how people may believe themselves to perceive and interact with people of various races, our conscious thoughts can be distinct and even contradictory to our unconscious training and socialization. When it comes to decision-making, such as determining which applicants to interview or what worker is the best fit for a promotion, it is often our unconscious perceptions that drive these decisions rather than our belief that we see all people as equal or don't notice race. Since implicit bias so often drives decision-making, and these biases can become codified into the policies and practices a business uses every day, it is useful to understand the extent to which implicit bias exists within the industry. In order to measure implicit bias, the ROC United team conducted a study utilizing Implicit Association Tests.

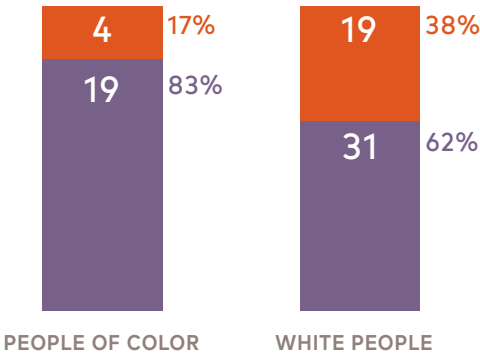
Originally created by Harvard Professor Tony Greenwald, The Implicit Association Test (IAT) "seeks to measure implicit attitudes by measuring their underlying automatic evaluation."<sup>20</sup>

ROC United, as part of their Racial Equity Project, commissioned a custom IAT to measure the implicit racial biases of restaurant managers and consumers. The ROC IAT was administered over a year-and-a-half, from January 2017 through June 2018, and received 320 responses from both restaurant managers and consumers.

In simple terms, the IAT measures our unconscious preferences by looking at the speed of our unconscious mind to make associations. The IAT test is administered on a computer where users are asked to look at series of words or images that fall into one of two categories, which in our test consisted of positive or negative words, and images of black or white faces. When an image or word flashes across the screen, the user is instructed to press a

pre-assigned key that matches that category: for example, press a key on the left of the keyboard for a positive word or a key on the right for a negative word. In this case, the test measured in milliseconds how much easier and therefore quicker it is for us to associate white and black faces with positive or negative words. If a subject's results, for instance, demonstrate that the individual has any measure of implicit preference for white people, it means that it was a little easier for that person to press the key for good words when they saw white faces and bad words when they saw Black faces, and it took the person a little more time to process the opposite pairing. This method of measuring implicit bias is called the D score, which is calculated from a user's response times for two contrasting conditions (i.e., flashing images of black faces and positive words on the computer screen versus black faces and negative words). D scores can be positive or negative, depending on the direction of the bias. The findings from our analysis showed that implicit bias towards white people is present among both managers and consumers.

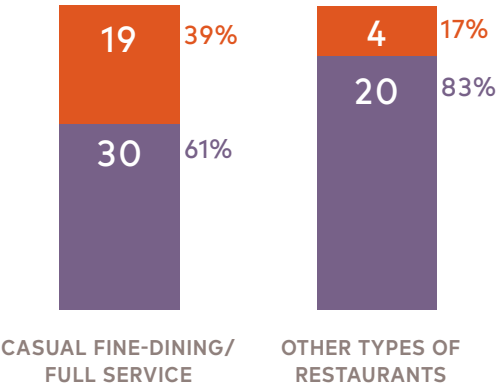
**FIGURE 6**  
MANAGERS' RACIAL PREFERENCE BY RACE  
WITH N OF MANAGERS CRAMER'S V = 0.21



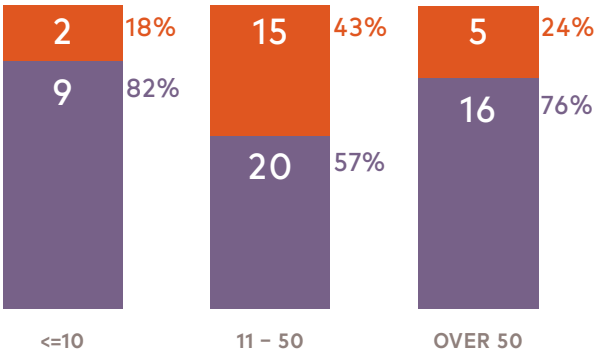
**FIGURE 7**  
MANAGERS' RACIAL PREFERENCE BY AGE WITH  
N OF MANAGERS CRAMER'S V = 0.22



**FIGURE 8**  
MANAGERS' RACIAL PREFERENCE BY TYPE OF  
RESTAURANT MANAGED WITH N OF MANAGERS  
CRAMER'S V = 0.22



**FIGURE 9**  
MANAGERS' RACIAL PREFERENCE BY  
RESTAURANT SIZE WITH N OF MANAGERS  
CRAMER'S V = 0.23





## EMPLOYER IAT RESULTS

Among all managers, about a third demonstrated an unconscious preference for white people. However, demographics made a difference in implicit bias results. Nearly 40 percent of white managers and nearly half of managers between 35 and 44 demonstrated a preference for white people compared to much smaller percentages for other groups (see Figures 6, 7, and 8).

The type of restaurant that the person managed also mattered. About 40 percent of those who manage casual fine-dining and casual full-service restaurants demonstrated a preference for white people — a much higher percentage than those who manage other types of restaurants. Those who manage restaurants with between 11 and 50 employees were more likely than managers of either smaller or bigger restaurants to demonstrate a preference for white people (see Figure 9).<sup>21</sup>

The most common response from managers to taking the test was either questioning its scientific validity or an emotional response of surprise or disappointment. This indicates that the journey to awareness of one's own implicit bias can reveal defense mechanisms and should therefore be guided by the careful facilitation offered within a structured program.

## CONSUMER IAT RESULTS

Restaurant consumers overall demonstrated a preference for white people at a somewhat higher rate than managers, at 38 percent. Similar to findings for managers, demographics mattered. More than 40 percent of white consumers showed an unconscious preference for white people, compared with much smaller percentages for other groups of consumers.

The most common response from consumers to taking the test was general appreciation for the opportunity to learn more about themselves. In smaller numbers, they also expressed confusion and questioned the design, but the comments were less challenging and more curious. This may indicate that the consumer population is more open to exploring their own biases than the manager population.

The prevalence of preferences for white people among restaurant managers, particularly among certain demographic groups and restaurant types, calls for action. Restaurants must take explicit steps to counter any negative impacts arising from implicit bias. The High Road Employer Program is one such avenue of action.



# BAY AREA HIGH ROAD EMPLOYER PROGRAM PILOT

In 2017, ROC United, in partnership with national racial justice organization Race Forward, launched a racial equity pilot program to train, coach, and resource Bay Area restaurants aiming to decrease implicit racial bias in their business. Following years of research with employers, workers, and consumers, ROC identified key operational decision points that are most effective in mitigating racial bias in restaurants. Recruitment, hiring, promotion, and retention processes prove to be critical junctures that, often unintentionally, advantage the careers of white staff and disadvantage the careers of staff of color.

Over the course of six months, ROC United and Race Forward partnered with a select group of high-profile Bay Area restaurant leaders to actually test out these new methods of addressing racial bias and discrimination. As a culmination of its partnership with Alta in San Francisco and Homeroom in Oakland, the ROC team launched the High Road Employer Program in 2018.

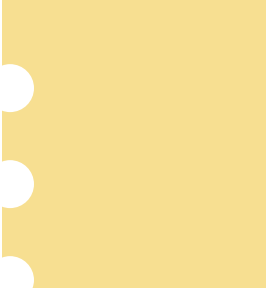
This program includes five phases to support restaurant employers in decreasing segregation and wage inequity in their business:

- Phase 1.** Racial Equity Assessments,
- Phase 2.** Education and Training,
- Phase 3.** Stakeholder Engagement,
- Phase 4.** Action Plan Development, and
- Phase 5.** Implementation.

As of spring 2019, ROC United has partnered with the Haas Business School at Berkeley to develop the next iteration of the High Road Employer Program. The program will be a fully online, paid course that’s open to all restaurants, with personalized technical assistance for those employers who seek to be certified by ROC United for committed action taken to advance racial equity.

## PHASE 1: RACIAL EQUITY ASSESSMENTS

Developed as a practical diagnostic tool based on in-depth implicit bias research, restaurant owners, managers, and workers can utilize the Racial Equity Toolkit for Restaurant Employers as a means to understand how racial bias may be unknowingly woven into



their business' policies and protocols. The toolkit provides a step-by-step guide to assess current levels of occupational segregation across work positions. This information allows restaurants to set a benchmark for the extent to which white staff may be overly concentrated in higher-paid positions, while staff of color may be overly concentrated in lower-paid positions.

Beyond a numerical benchmark, the toolkit provides an in-depth examination of particular indicators of racial equity across four major workplace processes that most impact workforce equity:

- Racial Equity Assessments and Work Plans,
- Recruitment, Outreach and Advertising,
- Application and Hiring Process, and
- Promotions and Training.

Within each workforce equity category, there are indicators that comprise a thorough demonstration of what racially equitable processes look like when properly implemented. These indicators range from standardized hiring protocols, racially diverse interview teams, and access to technical training and promotion opportunities for staff of color. We encourage restaurant staff to utilize the Racial Equity Assessment as a living tool and to regularly revisit it as a source of aspiration and accountability.

## PHASE 2: EDUCATION AND TRAINING

ROC United aims to train and support restaurants to transition to greater equity through the High Road Employer Training and Technical Assistance Program. Utilizing ROC United's extensive tools, materials, and research, this program provides any restaurant with the training and information needed to successfully transition to a more equitable business model. The High Road Employer program includes a series of training modules that cover wages, One Fair Wage, equitable financial models, mobility, race and gender equity, employee benefits, and action planning. The training module is divided into the following four modules:

**MODULE I** introduces the course and invites participants to self-assess their level of occupational segregation.

**MODULE II** provides tools for restaurants to transition to more equitable financial models, including educating employers about a variety of wage and gratuity structures and financial sharing structures.

**MODULE III** uses the Race Equity Toolkit developed by Race Forward and ROC United to train employers on how to implement new employee hiring, training, promotion, and evaluation programs for greater mobility.

**MODULE IV** shows employers how to provide benefits, including paid time off, parental leave and childcare.

### PHASE 3: STAKEHOLDER ENGAGEMENT

Catalyzing and sustaining organizational change requires transforming the deeper systems that undergird a business's day-to-day operations. In a restaurant, this means not only changing Human Resources policies or hiring practices, it also involves shifting workplace culture. Taking a top-down approach to systemic overhaul is difficult to sustain if employees are excluded from the process. The High Road program instructs restaurants to design a stakeholder engagement process that integrates the knowledge and ideas of staff, specifically staff of color that are directly impacted by biased policies.

We support restaurants to develop communication materials for dissemination to staff. These materials define the purpose and value of racial equity within a business context so that staff understand racial equity as both an economic and a social imperative. Clear channels of communication allow management to respond to staff questions, confusion or concerns early and often.

Most importantly, business leaders must establish a relationship of trust and inclusion between themselves and staff of color early in the process. Workers of color are the most knowledgeable people regarding how racial bias currently precludes staff from entering or ascending in the business. Staff of color are experts in this area, and their input needs to drive the change process. The High Road program guides businesses in how to ensure that staff of color are able to direct the design and implementation of the assessment and action plan.

### PHASE 4: ACTION PLAN DEVELOPMENT

For every restaurant partner, the High Road training program assists in the development of an action plan. Action plans include a concrete synthesis of the results that restaurants have gained from their assessment process. After completing a racial equity assessment and undergoing a series of foundational trainings, restaurant partners are guided through the development of their ongoing plan. Within their plan, restaurants prioritize which aspects of their operations, policies, and practices they are going to improve by identifying specific goals, activities, and outputs. Once a plan has been designed with clear benchmarks, timelines, and resources, a restaurant is ready to begin implementation.

### PHASE 5: IMPLEMENTATION

Once an action plan is in place, restaurant leaders launch the implementation phase. ROC is available for restaurant partners throughout implementation to offer coaching and troubleshooting. We provide a wide range of research and coaching support including the identification of recruitment pipelines for applicants of color, standardizing promotion criteria, and devising methods to track staff demographics throughout the hiring process.

In addition to expertise directly provided by the ROC United team, the High Road program includes the coordination of a peer-to-peer learning network so leaders can share best practices across the state. Often, owners and managers who have already experimented with new systems and protocols can best guide newly developing leaders.

# ALTA AND HOMEROOM: RESULTS FROM THE HIGH ROAD EMPLOYER PROGRAM PILOT



## ALTA RESTAURANT GROUP

Alta, a casual fine-dining restaurant previously located in downtown San Francisco, is part of the larger Alta Restaurant Group owned by Daniel Patterson, a renowned chef and businessman, dedicated to leading the forefront of California cuisine and equitable labor practices. Since Alta's participation in the High Road Employer program, Patterson has re-located Alta to a larger establishment under the name Kaya. As part of his participation in the program, Patterson has implemented racial equity processes throughout his expanding restaurant consortium, including his newest business, Dyafa (2018).

Over the course of six months Alta was the first of two restaurants to pilot the High Road Employer program, including the completion of their racial equity assessment, education program, and action plan. A more in-depth description of their experience and learnings can be found profiled in ROC United and Race Forward's "Adding Racial Equity to the Menu" publication. For the purposes of this report, we will present the improvements the Alta Restaurant Group has made as a result of the High Road program.

## MEASURING RACIAL EQUITY

One way to measure racial equity is to look at how segregated groups are across positions categorized by both their front/back and tier designations., as we have outlined in this report. The measure used to explore this pattern is called the "dissimilarity index." Similar methods have been used for decades to measure the extent of housing segregation in cities across the United States.

In 2017, Alta showed a high level of segregation between white employees and employees of color in its restaurants. The dissimilarity index was calculated at 61 percent, meaning that 61 percent of employees would need to be in different positions to eradicate segregation at Alta. For example, 85 percent of white employees were in Tier 1 FOH jobs compared with only 31 percent of employees of color (see Figure 10). Similarly, 38 percent of employees of color were in Tier 2 BOH jobs compared with only 8 percent of white employees.

**FIGURE 10**  
DISTRIBUTION OF EMPLOYEES ACROSS  
POSITIONS, PRE-INTERVENTION



**FIGURE 11**  
DISTRIBUTION OF EMPLOYEES ACROSS  
POSITIONS, POST-INTERVENTION



After participating in the High Road Employer program, Alta showed a marked decrease in segregation down to 18 percent (see Figure 11). Currently, the percentage of white employees and Black employees in most categories of employment nearly mirror each other, demonstrating that no group is more likely to be employed in one position than any other.

## TRANSFORMING BUSINESS PRACTICES

Beyond the drastic increase of workers of color into FOH and Tier 1 positions, Alta has undergone an impressive transformation throughout their business. As of May 2019, the Alta Group has implemented the following racial equity practices:

- Alta Group has integrated a race and gender lens on all hiring, promotion, and training practices, including the systematization of hiring and training processes. Standard questions are asked of all candidates via a resume screen, a phone screen, and an in-person interview to ensure the limitation in implicit bias from subjective processes. Promotion and reviews follow the same structure with systematic scoring based on direct performance metrics.
- Alta Group's race-explicit values are explicitly written at the top of job descriptions and are reviewed during training and during daily lineups. These values are also part of their externally facing media communications.
- Alta Group offers medical benefits and makes vision and dental benefits available at lower premiums. They offer a wellness incentive as a reimbursement program. This can be a reimbursement for a gym membership, mental health care, therapy, or anything that promotes an employee's well-being. They additionally offer commuter benefits and a mindfulness program.
- All restaurants operate on a One Fair Wage model through the use of a base wage and a tip share. The tip share is distributed among all non-exempt employees including all BOH non-exempt employees.
- Alta Group ensures that the hiring process for all newly opened positions does not begin until there is a diverse talent pool. In order to build this pool, they actively seek out women, transgender candidates, and people of color.
- Since they began the program, wages within the Alta Group have improved for people of color. With a tip pool system, BOH employees are earning \$18-\$27 per hour depending on the position. Scheduling is based on business needs and on employees' avail-



ability, and a tip pool precludes having only a few people who work primarily “the money making” shifts. Money and shifts are distributed fairly among all non-exempt employees to ensure there is no disproportionate assignment of well-paid shifts based on race and gender.

- Across the board, the wage gap has decreased significantly. BOH employees make relatively comparable wages to FOH employees.
- Alta continues to offer legally required sick days, in addition to paid time off (PTO).

## HOMEROOM

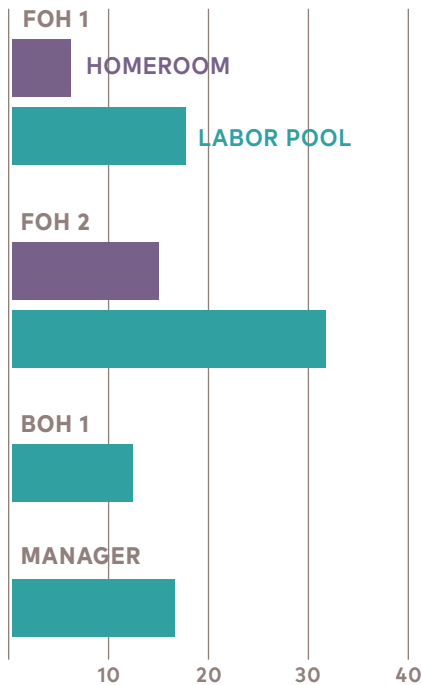
Homeroom is a well-loved restaurant based in Oakland, California that specializes in gourmet mac & cheese in a whimsical environment. Owner Erin Wade has led the restaurant through rapid expansion and deep ethical commitments. When ROC United first met Erin and the Homeroom team through the High Road Employer program, it was clear that this business had initiative and drive all their own. Years prior to that meeting, Homeroom had begun implementing equitable human resource practices, subsidized training supports, and a strong practice of promoting from within. When Homeroom entered the High Road program, their main focus was ensuring that their restaurant staff reflected the city in which they worked. In the city of Oakland, this meant a dedication to building recruitment, hiring, and retention practices that ensured African American workers were a core part of the Homeroom team and leadership. ROC United and Homeroom immediately underwent the Racial Equity Assessment and devised an action plan that would ensure the equitable representation, treatment, and leadership of workers of color, particularly Black workers living in Oakland and the surrounding area.

## MEASURING RACIAL EQUITY

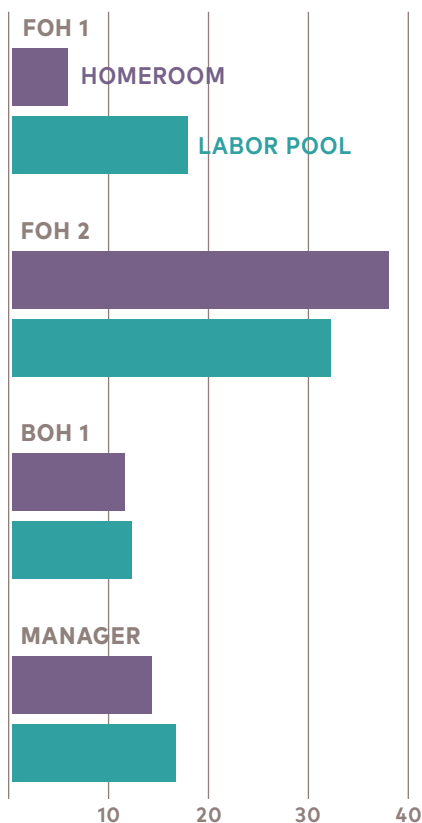
Another way to measure racial equity beyond the “dissimilarity index” is to compare the percentage of people of color in certain jobs within the restaurant with their percentage in those jobs within the labor market. If the percentage of people employed is less than 80 percent of their representation in the labor market, that group is considered to be “underutilized” in accordance with the Equal Employment Opportunity Commission guidelines. This ratio between employment in the restaurant and employment in the labor market is called the “underutilization index.”



**FIGURE 12**  
PRE HIGH ROAD PROGRAM:  
PERCENT BLACK EMPLOYMENT  
AT HOMEROOM VS. LABOR POOL



**FIGURE 13**  
POST HIGH ROAD PROGRAM:  
PERCENT BLACK EMPLOYMENT  
AT HOMEROOM VS. LABOR POOL



In February of 2017, Black workers were underutilized in all categories of employment within Homeroom: both FOH and BOH (Tier 1 and Tier 2) and in managerial positions. For example, Black workers made up 17.7 percent of Tier 1 FOH jobs in Oakland, but only 6.3 percent of these jobs at Homeroom, leading to an underutilization index of 35 percent (see Figure 12). Black workers also made up 12.2 percent of Tier 1 BOH jobs and 16.6 percent of managerial jobs in Oakland, but none of these jobs at Homeroom.

As of April 2019, Homeroom now employs Black workers in 11.4 percent of Tier 1 BOH jobs and 14.2 percent of managerial jobs, lifting both of these positions above the underutilization threshold (see Figure 13). Homeroom is now employing Black workers in these positions in near proportion to their representation in the labor market.

## TRANSFORMING BUSINESS PRACTICES

In order to bring about the necessary changes, Homeroom implemented a series of racially equitable practices in their recruitment, hiring, and promotion protocols. The following list briefly describes the major changes that Homeroom has incorporated into their business as of April 2019:

- Homeroom management team completed racial equity trainings.
- The team developed and continues to use a system to track the race and gender of all applicants by their recruitment source in order to better understand which recruitment platforms tended to over-recruit white applicants and under-recruit applicants of color.
- The team fostered partnerships with local organizations connected to workers of color to diversify their recruitment pipeline.
- The team utilized updated applications that explicitly encourages people of color and formerly incarcerated applicants to apply.
- Homeroom requires that all hiring teams include people of color.
- All hiring staff receive training in non-biased interviewing skills, which includes documentation and standard criteria tied to job-specific skill sets.
- Managers personally encourage all qualified candidates of color to apply for promotions as openings arise.



## SCALING THE HIGH ROAD EMPLOYER PROGRAM



In addition to the leadership of Homeroom and Alta, the Bay Area ROC United team has continued outreach to more than 130 restaurants to expand this growing model. To date, more than 50 restaurants have utilized the self-assessment toolkit. Of those restaurants, 12 have become racial equity champions and are taking proactive steps to put racially equitable policies and practices into action. Some of these restaurants have begun hiring new employees through ROC United's Culinary Hospitality Opportunities for Workers (CHOW) program, which trains individuals from disadvantaged or underrepresented backgrounds in FOH skills.

Two restaurants in this cohort, Copper Spoon and Starline Social Club, have hired several graduates from the CHOW program and have begun embedding racial and gender equity into the structures of their institutions. Two additional restaurants, Four Barrel

and Josey The Baker, are in the process of restructuring their policies and hiring practices and have committed to recruit additional employees to better align the demographics of their workforce with racial and gender equity values. They are currently creating new curricula to address their additional hiring needs for bakers and baristas.

Despite challenges in making contact with busy restaurant owners, over 20 restaurants now use CHOW as a resource. We hope to continue this momentum as we continue to experience demand from owners who are eager to overcome staffing shortages in the industry. These restaurant owners reiterate what we have heard from so many, that they want to hire more workers of color but are unsure what employment practices and implicit biases might be acting as a barrier. Continued outreach will be necessary to put this interest into practice.



# POLICY RECOMMENDATIONS



In order to racially desegregate the restaurant industry, many more restaurants need to engage in the significant process of interrogating and transforming their recruitment, hiring and retention pathways to proactively counter bias and discrimination. We need policymakers to leverage their influence. Without the pressure of these vital players, industry-wide change will likely be gradual and intermittent.

One way policymakers can advance a broader adoption across the industry is by passing legislation that provides incentives to restaurants that are willing to engage in the intensive process of transitioning to a more equitable workplace. After thorough research through a partnership with the Harvard Law School Food Law and Policy Clinic, our team identified three primary incentive structures for policy makers to consider: tax, licensing, and recognition incentives.

## TAX INCENTIVES

A tax incentive can help offset the additional cost of raising employee base pay when moving to higher wage models that reduce dependence on tips and reduce inequities between workers in different positions. Tax policy can be advanced at the state or local level.

## SALES TAX

California levies several taxes on the food and beverage industry. The California sales tax rate is 7.25 percent, and most local jurisdictions include an additional tax.<sup>22</sup> Food sold by a business and intended to be eaten on-site is generally subject to state sales tax.<sup>23</sup> Food sold “to-go” may also be taxed if certain conditions are met.<sup>24</sup> If a food business adds a surcharge to customers’ bills, sales tax will apply to that surcharge amount, which cannot be claimed as a deduction.<sup>25</sup>

To reduce the tax burden on restaurants that go through the High Road Training Program, the state of California could offer a tax benefit that reduces the sales tax. For example,

Asbury Park, New Jersey encourages businesses to come to the city by allowing qualified businesses to reduce the state sales tax by half on certain purchases, meaning that qualified businesses can charge a sales tax of 3.5 percent instead of the regular 7 percent sales tax.<sup>26</sup> A similar reduction in California could incentivize businesses to participate in the training program and adopt practices to increase workplace equity.

## PROPERTY TAX

Rent is a significant expense for many restaurants. Property tax abatements lower the tax liability of the property owner. Although many restaurants rent rather than own their space, a property tax abatement could be passed on to the tenant, which in this case is the restaurant, to incentivize participation in workplace equity programs. For example, New York City's Commercial Expansion Program (CEP) for commercial tenants grants a property tax abatement for commercial property use in certain geographic areas. The property owner is the immediate recipient of the property tax abatement, but they are required to pass along the benefit to the tenant.<sup>27</sup>

California could similarly implement a program that provides a property tax abatement for restaurants that participate in workplace equity programs. The program could be structured to require property owners to pass the benefit through to their qualifying restaurant tenants. Alternatively, a program could allow the tax benefit to be shared between restaurant tenant and property owner, making high-road restaurants attractive prospects for leases.

## LICENSING INCENTIVES

A licensing incentive can reduce the investment of time and money required to obtain permits and licenses required to operate both new and existing restaurants. Licensing policy can be developed and implemented via an administrative rule from the executive office of either the governor or mayor, or through state or local policy.

Restaurants in California are required to obtain a range of federal and state licenses, permits, and certifications, including the following: seller's permit; workers' compensation insurance coverage; certificate of incorporation (or similar); certificate of occupancy; registration with the Employment Development Department; Federal Employer Identification Number; food safety certification; and liquor license (if selling alcohol).<sup>28</sup> Cities and counties can require that restaurants pay additional licensing fees,<sup>29</sup> which vary by jurisdiction.<sup>30</sup> Most local governments require a business license, while all counties require food businesses to obtain a health permit.<sup>31</sup> Finally, all new restaurants need to acquire a building permit from their municipal building-safety agency in order to construct or renovate.<sup>32</sup> The time and expense required to obtain and renew licenses can be a significant obstacle for restaurants.<sup>33</sup>

California can create a system that streamlines the application process for state permits for restaurants that participate in a workplace equity program. A comparable program has been implemented in Austin, Texas, to incentivize the adoption of fair labor practices. In

2017, the Austin City Council approved a program that offers an expedited building plan review to construction projects that participate in the Better Builder Program, a contractual agreement that requires projects to pay their workers a living wage and submit to worksite oversight by an organization like the Workers Defense Project.<sup>34</sup> Austin has also piloted a new Business Expansion Program, which provides incentives, including property tax reimbursements and expedited permitting, to certain qualifying employers that pay living wages and meet other criteria.<sup>35</sup> Similar licensing incentives could encourage restaurants to participate in the high-road training program in California.

## FOR NEW RESTAURANTS

California should streamline the process of applying for and receiving state and federal licenses for restaurants that participate in the training program outlined in the High Road Employer Program above. This streamlined system should include an option for cities and counties to adopt a parallel system for local licensing requirements as well. Furthermore, the fees associated with licensing — for example, alcoholic beverages licensing or local occupancy fees — should be reduced by 50 percent for restaurants that implement designated workplace equity programs.

## FOR EXISTING RESTAURANTS

Although existing restaurants have already obtained the necessary licenses, those licenses still must be maintained over time. For restaurants participating in designated workplace equity programs, the fees associated with license renewal should be reduced by 50 percent. Likewise, these businesses should be eligible to take advantage of a streamlined application process.

## RECOGNITION INCENTIVES

A recognition incentive leverages the government's platform to promote certified restaurants. Recognition incentives can be developed and implemented via an administrative rule from the executive office of either the governor or mayor and could include decals for restaurants to display in recognition of their commitment to racial equity, listings on restaurant websites or guides, and public promotion by a state or local government to the public.

In addition to financial incentives, restaurants that take steps to advance racial equity should receive favorable publicity and accolades that will increase business and attract socially conscious consumers. California can provide opportunities for special recognition for restaurants that participate in the High Road Training Program. These recognition incentives could be modeled on the California Green Business Network, which recognizes California businesses that adopt environmentally sustainable practices.

Funded by participating local governments and the U.S. Environmental Protection Agency, the California Green Business Network provides participating businesses with technical assistance to adopt sustainable changes such as appliance and lighting upgrades, recycling,

and eco-friendly employee commuting programs.<sup>36</sup> As a reward for their participation, the Green Business Network recognizes participants in online advertising and provides a decal that businesses can display in their storefronts and marketing materials.<sup>37</sup> Forty-two percent of participating California Green Businesses reported an increase in business after being certified.<sup>38</sup>

To incentivize restaurants to participate in the High Road Training Program, California can develop a program to promote these restaurants publicly. California could create official signage that restaurants can hang in their doors or windows; host restaurant weeks highlighting certified restaurants; and feature certified restaurants on state websites. As consumers are increasingly concerned with supporting socially conscious businesses,<sup>39</sup> this publicity could offer certified restaurants a significant competitive advantage.

## **XI** CONCLUSION

### **THE RESTAURANT INDUSTRY HAS THE POTENTIAL TO PROVIDE LIVABLE WAGE JOBS TO A PLURALITY IF NOT A MAJORITY OF ITS WORKFORCE.**

Currently those jobs are concentrated among a small minority of primarily white male workers. The industry has the responsibility to ensure equity of opportunity, even as it takes steps to raise the floor for all workers. Committed restaurateurs can play the leading role in this expansion of opportunity with the support of policy makers, consumers, workers, and other stakeholders to ensure a competitive advantage for those who participate in this process. This project shows a clear and viable path to achieve this goal through the dedicated efforts of the industry and its stakeholders.

# END NOTES

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- 2 Restaurant Opportunities Centers (ROC) United analysis of American Community Survey 2013-2017. *IPUMS-USA*, University of Minnesota, [www.ipums.org](http://www.ipums.org). High earning or livable wage is here defined as earning four-times the poverty level or more.
- 3 Ibid. Nationwide, workers of color comprise 36 percent of the entire workforce.
- 4 Bureau of Labor Statistics, May 2018 Occupational Employment and Wage Estimates for the United States, California, and San Francisco-Oakland-Hayward and San Jose-Sunnyvale-Santa Clara metropolitan statistical areas.
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